

MEMORANDUM

NATIONAL SECURITY COUNCIL

URGENT ACTION

June 18, 1971

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MEMORANDUM FOR DR. KISSINGER

FROM: K. Wayne Smith *KWS*
SUBJECT: Intelligence Reorganization

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do you think?
HK

The PFIAB has sent a copy of its report to the President on intelligence reorganization to you and George Shultz. The report takes into account the analysis and recommendations submitted earlier by you and Shultz with the joint NSC/OMB study.

Jim Schlesinger and I have jointly prepared a self-explanatory memo (Tab A) for the President laying out:

- the PFIAB recommendations,
- changes in the earlier NSC/OMB recommendations necessitated by the President's clear desire to avoid legislation but still accomplish his objectives of improving efficiency in the use of resources and improving the intelligence product,
- the alternatives for his decision.

I have had no opportunity to discuss this matter with you and obtain your views. Thus, the revised recommendations are based primarily on what the analysis suggests, on my understanding of your desires, and on Shultz's views. I would add several other points:

- In my view it would be better to do nothing than adopt the committee arrangement recommended by the PFIAB.

NSC review completed.

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- On the other hand, we probably no longer have this option since Senator Ellender is prepared to cut \$500 million from the intelligence budget (largely from our most productive intelligence activities) unless we do something to preempt him.
- At a minimum a National Security Council Intelligence Committee and a revision of the National Security Council Intelligence Directives (NSCIDs) are badly needed.
- If the President approves the PFIAB recommendations or the NSC/OMB recommendations or even some combination, at least a month of full-time work by someone will be needed to prepare the necessary implementing directives and other instructions to carry out the changes. I simply do not have the time and no one on my staff has worked on this but me. Schlesinger would be the ideal candidate for this task.

RECOMMENDATION

That you sign the memo to the President at Tab A. Shultz has already signed but he understands that you have not seen the memo and may want changes made in it.

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THE WHITE HOUSE

WASHINGTON

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MEMORANDUM FOR THE PRESIDENT

SUBJECT: Intelligence Reorganization

Your Foreign Intelligence Advisory Board (PFIAB) has submitted a report (Tab A) on the management and organization of the U.S. foreign intelligence effort. The report takes into account the analysis and reorganization proposals submitted early in the joint OMB/NSC study. In terms of organization, the PFIAB unanimously recommends:

-- Making the U.S. Intelligence Board (USIB) the coordinating body of the intelligence community and altering the composition of the Board to give dominance to the users of intelligence rather than the collectors and producers. The Director of Central Intelligence (DCI) would continue to chair the USIB.

-- Creating two new committees, an Intelligence Evaluation Committee and an Intelligence Resource Committee, under the USIB, each chaired by the DCI.

-- Establishing an Assistant Secretary of Defense for Intelligence (ASD/I) to coordinate the intelligence resources of the Department of Defense.

-- Relieving the DCI of his day-to-day management and administrative functions in CIA and giving the Director of the National Security Agency increased authority over all government communications and electronics intelligence.

In our memorandum of March 22 (Tab B), we made three principal recommendations on intelligence community reorganization to which you tentatively agreed. Subsequently, you have given clear evidence of a desire to avoid legislation on this issue. We have accordingly altered our proposals to conform to that desire and to take into account the recommendations of the PFIAB.

Our principal earlier recommendation was to strengthen the role of the DCI by giving him the authority to plan, program, and review all intelligence resources on a community-wide basis. To relieve the DCI of

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his burdensome operational responsibilities and to assure his impartiality, we also recommended that CIA be restructured through a reorganization plan that would, in effect, create a new agency to conduct collection and covert action operations. The objectives are attainable without the creation of a new agency. The CIA could be restructured so as to allow the DCI to give primary emphasis to community-wide management and national intelligence productions. An illustrative organizational chart for such a restructured CIA and revised USIB committee structure is attached at Tab C.

We continue to believe that strong, continuing, and impartial leadership requires the assignment of authority over community resources to a single individual, not a committee or series of committees. This is a fundamental requirement that no plan of reform should ignore. Committee-type leadership, in the form of the USIB, has historically failed to be effective. We are, therefore, skeptical that a simple reorganization and strengthening of the USIB, as proposed by PFIAB, will succeed in achieving your objectives.

Our additional recommendations at this time include:

-- Establishing a Director of Defense Intelligence (DDI), who would be responsible for overall direction of all Defense intelligence resources or making Defense intelligence one of the main responsibilities of the second Deputy Secretary of Defense which you have already approved. A strong intelligence focal point within DOD is essential to ensure the responsiveness of Defense intelligence activities to the DCI. An ASD/I, as proposed by the PFIAB, could not accomplish this.

-- Replacing the existing USIB with two committees, an Intelligence Production Committee and an Intelligence Resources Committee. The former in a sense replaces the current USIB which has primarily functioned as a committee of producers. The new resource committee would be built around the key relationships between the DCI and DDI (or Deputy Secretary of Defense). Defense, which has 85% of the intelligence resources, must be responsive to the DCI in rationalizing the use of resources. The committee membership and procedures should be designed to accomplish this.

-- Revising the National Security Council Intelligence Directives (NSCIDs) in order to ensure that the authorities and the jurisdictional boundaries within the intelligence community are consistent with the effective performance of the new structure.

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-- Creating a National Security Council Intelligence Committee to ensure specification of consumer needs and responsiveness of intelligence resource to those needs, through a continuing review and evaluation of intelligence products. This committee, chaired by the Assistant to the President for National Security Affairs, should include as members the DCI, the Deputy Secretary of Defense, and the Under Secretary of State. (This proposal is similar to the one by the PFIAB for an Intelligence Evaluation Committee but would be composed of a membership closer to that proposed by the PFIAB for the restructured USIB.)

The PFIAB proposal and our current proposal share many common features, but also have significant differences. Both offer substantial and somewhat parallel revisions of top level committee structure and functions. The PFIAB proposal, however, confines itself to an improved committee structure to support the agreed goal of enhanced DCI leadership. We feel that this is insufficient. Restructuring the top level committee structure, without changing the balance of power within the community in more direct and effective ways, could fail to achieve the goals you have set -- improved efficiency in the use of resources, and improved intelligence product. Thus, our proposal moves much farther in the direction of assigning responsibility for community planning, programming, and budget preparation to the DCI.

You may prefer another option: to have us work with the PFIAB to develop additional common ground. We have strong reason to believe that the PFIAB would support a decision to restructure the CIA, short of legislation. In addition, the PFIAB may endorse a stronger focal point for authority within the DOD, if the DDI were proscribed from dominating substantive intelligence production or interfering in the detailed management of the national programs. (It is our belief that the role of the DDI should be to assist the Directors of the NRO and the NSA to marshal the resources to carry out their responsibilities.) We do not know how the PFIAB would respond to pinning responsibility for the community directly on the DCI rather than further experimenting with a committee structure -- with all the compromising that that implies -- but we would explore that issue, if you desire.

Two further points require emphasis. In our judgment, only through restructuring of the community can a reduction of real resources going to the community (as much as 15% or \$750-800 million) be achieved -- without doing significant damage to the national intelligence effort. This is a particularly acute problem at this time because

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Senator Ellender appears prepared to cut [redacted] from the budget and from our most productive intelligence activities, including overhead and SIGINT. We must be in a position to respond creatively to such congressional action.

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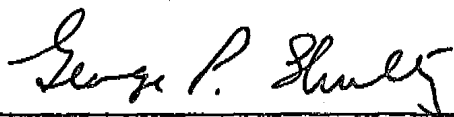
Secondly, the lowest priority activities are not in the national program but in the Service programs (now in excess of \$3 billion). To deal effectively with unnecessary duplication and waste in these programs requires strong overall direction from the Office of the Secretary of Defense. The Services and the JCS will object to any reduction of their prerogatives over intelligence activities. Consequently, unless you are prepared to override the anticipated objections of the Chiefs, we would not recommend the proposed reorganization plan or a substantial reduction in resources for intelligence.

Your choices are:

- (1) Approve the recommendations made by the PFIAB. _____
- (2) Approve the revised recommendations we have made. _____
- (3) Approve some combination of the recommendations to be worked out jointly by OMB/NSC and the PFIAB. _____

Whatever your decision, we will prepare the necessary implementing directives and other instructions to carry out the changes.

Henry A. Kissinger



George P. Shultz

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THE WHITE HOUSE
WASHINGTON

*Wagner
for 5 new
files -
Ad.*

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Henry -
I'm sure that
it they would want
to discuss this with
you -

OK
Hold